

March 4, 1986

REPORT TO THE HONORABLE

MAYOR, CITY COUNCIL AND CITY MANAGER  
INVESTIGATION OF DEVELOPMENT FIRMS SOLICITING PURCHASE OF REAL  
PROPERTY WITH DIRECT MAIL ADVERTISING

As you may already know, the Criminal Division Consumer Fraud Unit of my office has been investigating the conduct of several real estate development firms. These firms have recently sent thousands of letters to homeowners in North Park and University Heights soliciting the purchase of real property in those areas. Our investigation has revealed that some of these solicitation letters are untrue and misleading in that they represent that new density-limiting zoning changes have already been adopted for these neighborhoods, and that as a result, the property values of all owners in the areas will be drastically reduced in the near future.

Throughout our investigation, pertinent information and inquiries were received from the offices of Councilwoman McColl and Councilman Martinez, from the City Manager's Office and from individual members of the public. While the investigation is currently ongoing, I am pleased to announce the filing and simultaneous settlement of a law enforcement action as to one of the developers at whom we were looking. The details of the settlement are outlined in the attached press release. We anticipate the filing of lawsuits against several other developers who engaged in similar practices.

In all, the investigation of this matter has been a fine example of cooperation among our respective offices, and I salute each of you who have given assistance to the Consumer Fraud Unit during the last several weeks.

Respectfully submitted,  
JOHN W. WITT  
City Attorney

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Attachment

RC-86-8